

Frequently Asked Questions on CDFI Certification

The following are answers to some frequently asked questions about CDFIs, the certification process, and its benefits:

Q: What does it mean to be certified as a CDFI?

A: Certification as a CDFI means that an organization meets the CDFI certification eligibility requirements. In order to be certified as a CDFI by the Fund, an organization must be a legal entity at the time of the application for certification, and must meet each of the following certification criteria:

1. The organization and its Affiliates must collectively have a primary mission of promoting community development;
2. The organization must be a financing entity;
3. The organization must principally serve a target market;
4. The organization must provide development services in conjunction with its financing activities;
5. The organization must maintain accountability to its defined target market; and
6. The organization must be a non-governmental entity, and must not be controlled by one or more governmental entities.

These requirements are set forth in the CDFI Program regulations at 12 CFR § 1805.200 and § 1805.201. They are also described in detail in the stand-alone certification application and the Eligibility Materials section of a CDFI funding application. Certification does not constitute an opinion by the Fund as to the effectiveness or financial viability of the certified organization.

Q: Does an organization have to be certified as a CDFI to apply for assistance under the CDFI Program?

A: No. An organization that does not meet each of the certification eligibility requirements at the time of application for assistance is still eligible to receive assistance if the Fund determines that the organization's application materials provide a realistic course of action to ensure that it will meet each of these requirements within two years of entering into an Assistance Agreement with the Fund. However, in order to be certified as a CDFI, an organization must meet each of these eligibility requirements.

Q: Where can interested organizations get the current list of certified CDFIs?

A: The current list of certified CDFIs is available on the CDFI Fund web site (www.treas.gov/cdfi) under Certified CDFIs. It can also be obtained by calling the Fund's

main phone number (202-622-8662). A number of certification reviews are currently pending. Moreover, the Fund anticipates that a number of organizations will become eligible for certification as certain steps are taken (e.g., becoming capitalized and beginning to make loans in the case of a startup institution). If you do not see an organization listed on the certification list, please check the Fund's web site for an updated list or call the Fund to see if the organization has recently been certified.

Q: What are the benefits of certification as a CDFI?

A: There are several important potential benefits of CDFI certification. First, certification makes an organization eligible to apply for funding under the CDFI Program. Although organizations applying for CDFI Program funding do not have to be certified at the time of application, to receive an award they must demonstrate to the Fund that they have a plan to meet the eligibility requirements (e.g., become certified) within two years. Second, since the Bank Enterprise Award (BEA) Program rewards insured depository institutions for increasing their assistance to certified CDFIs, many certified CDFIs are able to increase their fundraising by partnering with insured depository institutions applying under the BEA Program. Finally, many CDFIs have found that their CDFI certification increases their ability to raise funds from sources such as foundations and state and local governments.

Q: What is the process for applying for CDFI certification?

A: Organizations can apply for CDFI certification by submitting a stand-alone certification application (not part of the CDFI funding application) at any time throughout the year or by requesting certification and completing the Certification Materials section of a CDFI funding application. To obtain an application, please contact the Fund or download and print the application directly from the CDFI Fund web site.

Q: How long does a CDFI certification last and what is the process of applying for re-certification?

A: A CDFI certification automatically expires three years from the date of certification. Organizations seeking to be re-certified as a CDFI must submit certification materials (either the stand-alone certification application or the Certification Materials section of a CDFI funding application) three months prior to the date of their certification expiration.